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AMENDED IN ASSEMBLY MAY 23, 2014  
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AMENDED IN ASSEMBLY APRIL 10, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## ASSEMBLY BILL

**No. 2099**

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**Introduced by Assembly Member Frazier**  
**(Principal coauthor: Assembly Member Chávez)**  
**(Coauthors: Assembly Members Medina and Williams)**  
*(Coauthor: Senator Correa)*

February 20, 2014

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An act to add Chapter 12.5 (commencing with Section 67100) to Part 40 of Division 5 of Title 3 of the Education Code, relating to postsecondary education.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2099, as amended, Frazier. Postsecondary education: Title 38 awards.

Title 38 of the United States Code provides educational awards for eligible active duty members and veterans of the Armed Forces of the United States. Existing law requires an institution headquartered or operating in California desiring to enroll students eligible for federal Title 38 awards in accredited ~~courses~~ *institutions and programs* to make application for approval of these courses to the California State Approving Agency for Veterans Education, commonly known as

CSAAVE, and authorizes CSAAVE to approve the application of the school when the school and its accredited courses satisfy the specified criteria and any additional reasonable criteria established by CSAAVE.

Unless an exception applies, this bill would deem a public or private postsecondary educational institution that is accredited by an accrediting agency recognized by the United States Department of Education eligible for initial and renewal Title 38 awards if the institution *qualifies for Cal Grants, as specified, or* has a 3-year cohort default rate less than 15.5% and a graduation rate of greater than 30% for students taking 150% or less of the expected time to complete degree requirements, and satisfies the other criteria for qualification for Title 38 awards in the bill. The bill would deem a private postsecondary educational institution that does not meet *the Cal Grant qualification requirement, or* the cohort default rate or graduation rate requirement, but that is accredited by an accrediting agency recognized by the United States Department of Education, eligible for initial and renewal Title 38 awards if the institution is issued an approval to operate from the Bureau for Private Postsecondary Education and satisfies the other criteria for qualification for Title 38 awards in the bill.

The bill would require CSAAVE to verify by November 1 of each year a public or private institution's latest 3-year cohort default rate and graduation rate as most recently reported by the United States Department of Education, and a private postsecondary educational institution's approval to operate issued by the Bureau for Private Postsecondary Education if that private postsecondary educational institution fails to satisfy the cohort default rate or graduation rate requirement. The bill would require CSAAVE to notify initial Title 38 recipients seeking to attend, or attending, an institution that is ineligible for initial and renewal Title 38 awards that the institution is ineligible for Title 38 awards for the academic year, and to provide initial and renewal Title 38 recipients at an ineligible institution with a complete list of all California postsecondary educational institutions at which the student would be eligible to receive a Title 38 award.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Chapter 12.5 (commencing with Section 67100) is added to Part 40 of Division 5 of Title 3 of the Education Code, to read:

CHAPTER 12.5. TITLE 38 AWARDS

67100. The Legislature finds and declares the following:

(a) Section 21.4253 of Title 38 of the Code of Federal Regulations requires a postsecondary educational institution headquartered or operating in California desiring to enroll veterans or persons eligible for Title 38 awards in ~~accredited courses~~ *institutions and programs* to make application for approval of these courses to the California State Approving Agency for Veterans Education, commonly known as CSAAVE, as the state approving agency legally designated pursuant to Section 3671 of Subchapter I of Chapter 36 of Title 38 of the United States Code.

(b) Section 21.4253 authorizes CSAAVE to approve the application of the ~~school~~ *accredited institutions* when the school and its accredited courses satisfy the criteria provided in Section 21.4253 and additional reasonable criteria established by CSAAVE.

(c) It is reasonable pursuant to Section 21.4253 for CSAAVE to require an institution, public or private, to maintain a three-year cohort default rate and graduation rate that satisfies the requirements of the Cal Grant Program, or for the private postsecondary educational institution to be approved by the Bureau for Private Postsecondary Education, and to require the institution, public or private, to comply with all federal and state laws and regulations, and any additional reasonable criteria established by CSAAVE, in order for the institution to be eligible for initial and renewal Title 38 awards.

67101. The Title 38 Funding Program is hereby established, under the administration of the California State Approving Agency for Veterans Education. The California State Approving Agency for Veterans Education shall ~~approve courses at~~ *qualify* institutions desiring to enroll veterans or persons eligible for Title 38 awards in accordance with federal law, this chapter, and other reasonable criteria established by the California State Approving Agency for Veterans Education.

67102. As used in this chapter, the following terms have the following meanings:

(a) An “academic year” is July 1 to June 30, inclusive. The starting date of a session shall determine the academic year in which it is included.

(b) “CSAAVE” is the California State Approving Agency for Veterans Education.

(c) (1) “Qualifying institution” means an institution that complies with paragraphs (2), (3), and (4) and either paragraph (5) or (6).

(2) (A) The institution shall provide information on where to access California license examination passage rates for the most recent available year from graduates of its undergraduate programs leading to employment for which passage of a California licensing examination is required, if that data is electronically available through the Internet Web site of a California licensing or regulatory agency. For purposes of this paragraph, “provide” may exclusively include placement of an Internet Web site address labeled as an access point for the data on the passage rates of recent program graduates on the Internet Web site where enrollment information is also located, on an Internet Web site that provides centralized admissions information for postsecondary educational systems with multiple campuses, or on applications for enrollment or other program information distributed to prospective students.

(B) The institution shall be responsible for certifying to CSAAVE compliance with the requirements of subparagraph (A).

(3) The institution shall provide evidence of accreditation of ~~all degree programs to CSAAVE from an accrediting agency the institution and of all degree programs to CSAAVE. The accrediting agency shall be~~ recognized by the United States Department of Education. ~~An institution offering an unaccredited degree that is unaccredited institution~~ participating in Title 38 award programs on January 1, 2015, shall have until January 1, 2016, to obtain and provide evidence to CSAAVE of its candidacy or preaccreditation status with an accrediting agency recognized by the United States Department of Education in order for the institution to be eligible for Title 38 awards for the academic year of 2015–16, or 2016–17, or both, and to obtain and provide evidence to CSAAVE of accreditation from the accrediting agency by January 1, 2017, to

1 be eligible for Title 38 awards for the academic year of 2017–18,  
2 and each academic year thereafter.

3 (4) The institution shall provide to CSAAVE evidence of  
4 compliance with the federal Principles of Excellence program.

5 (5) (A) The institution ~~shall meet~~ *is either a Cal Grant*  
6 *qualifying institution that meets the requirements of subdivision*  
7 *(l) of Section 69432.7, or meets* the school performance standards  
8 required in this paragraph. CSAAVE shall verify by November 1  
9 of each year the institution's latest three-year cohort default rate  
10 and graduation rate as most recently reported by the United States  
11 Department of Education.

12 (B) For purposes of the 2015–16 academic year, and every  
13 academic year thereafter, the institution shall maintain a three-year  
14 cohort default rate that is less than 15.5 percent, and a graduation  
15 rate of greater than 30 percent for students taking 150 percent or  
16 less of the expected time to complete degree requirements.

17 (C) Notwithstanding any other law, the requirements of this  
18 paragraph shall not apply to institutions with 40 percent or less of  
19 undergraduate students borrowing federal student loans, as verified  
20 by CSAAVE, using information reported to the United States  
21 Department of Education for the academic year two years before  
22 the year in which CSAAVE is verifying the three-year cohort  
23 default rate or graduation rate pursuant to subparagraph (A).

24 (D) Notwithstanding subparagraph (B), an otherwise qualifying  
25 institution with a three-year cohort default rate that is less than 10  
26 percent and a graduation rate above 20 percent for students taking  
27 150 percent or less of the expected time to complete degree  
28 requirements, as verified by CSAAVE pursuant to subparagraph  
29 (A), shall remain eligible for initial and renewal Title 38 awards  
30 at the institution through the 2018–19 academic year.

31 (E) If the United States Department of Education corrects or  
32 revises an institution's three-year cohort default rate or graduation  
33 rate that would have otherwise failed to satisfy the requirements  
34 established pursuant to subparagraph (B) or (D), as applicable,  
35 and the corrections or revision results in the institution's three-year  
36 default rate or graduation rate satisfying those requirements, the  
37 institution shall immediately regain its eligibility for the academic  
38 year to which the corrected or revised three-year default rate or  
39 graduation rate would have been applied.

1 (F) A private postsecondary educational institution that becomes  
2 ineligible for initial and renewal Title 38 awards pursuant to this  
3 paragraph shall be provided an opportunity to gain eligibility under  
4 the requirements of paragraph (6). CSAAVE shall establish rules  
5 and procedures to govern the institution's transition to eligibility  
6 to ensure students who would otherwise receive initial and renewal  
7 awards are not adversely affected during the transition.

8 (6) (A) The institution is a private postsecondary educational  
9 institution issued an approval to operate from, and is subject to the  
10 regulatory oversight and enforcement of student protections  
11 provided by, the Bureau for Private Postsecondary Education.

12 (B) CSAAVE shall certify by November 1 of each year whether  
13 a private postsecondary educational institution has been issued an  
14 approval to operate from the Bureau for Private Postsecondary  
15 Education, if that institution fails to satisfy the requirements of  
16 paragraph (5).

17 67103. CSAAVE shall do all of the following:

18 (a) Notify initial Title 38 recipients seeking to attend, or  
19 attending, an institution that is ineligible for initial and renewal  
20 Title 38 awards under this chapter that the institution is ineligible  
21 for initial Title 38 awards for the academic year for which the  
22 student received an initial Title 38 award.

23 (b) Provide initial and renewal Title 38 recipients seeking to  
24 attend, or attending, an institution that is ineligible for initial and  
25 renewal Title 38 awards at the institution under this chapter with  
26 a complete list of all California postsecondary educational  
27 institutions at which the student would be eligible to receive a Title  
28 38 award.

29 67104. Compliance with this chapter, in and of itself, shall not  
30 be construed as satisfying the requirements for participation in  
31 programs authorized by the federal Higher Education Act,  
32 including, but not limited to, Section 600.9 of Title 34 of the Code  
33 of Federal Regulations.